

## Message Text

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ACTION TRSE-00

INFO OCT-01 AF-08 EUR-12 ISO-00 ABF-01 FS-01 EB-07 AID-05

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 2961

AMEMBASSY PARIS

INFO AMEMBASSY NAIROBI

LIMITED OFFICIAL USE KHARTOUM 3383

DEPARTMENT ALSO FOR AID - NAIROBI FOR RBFO AND EAAC

PARIS FOR RFC

E.O. 11652: N/A

TAGS: AFIN, EAID

SUBJECT: TIME DEPOSIT ACCOUNTS MAINTAINED IN SUDANESE BANKS

REF: STATE 244585; STATE 179192; KHARTOUM 2168; KHARTOUM 2266

(SEPT 25, 1975); KHARTOUM 173 (JULY 25, 1975); STATE 173183

(JULY 24, 1975); RFC PARIS 24723 (SEPT 25, 1975 - NOTAL);

STATE 092048 (APRIL 23, 1975)

1. EMBASSY HAS BEEN ATTEMPTING TO TRANSFER MONIES HELD IN TIME DEPOSIT ACCOUNTS WITH BANK OF SUDAN TO SAVINGS ACCOUNTS PAYING SIGNIFICANTLY HIGHER INTEREST RATES AT THE BANK OF KHARTOUM (FORMERLY SUDAN BANK OF FOREIGN TRADE). IN SUPPORT OUR CONTINUING EFFORTS ENCOURAGE GOS PERMIT SUCH TRANSFER, WE REQUEST FURTHER INFORMATION AS TO THE CREATION OF THESE ACCOUNTS. FOR EXAMPLE, AGREEMENT OF APRIL 13, 1966 FOR AGRICULTURAL COMMODITIES UNDER PL 480 STATES THAT GOS IS TO "PAY INTEREST AT RATES PAID BY COMMERCIAL BANKS IN THE SUDAN ON DEPOSITS OF COMPARABLE MATURITY" FOR SUDANESE POUNDS RECEIVED BY USG UNDER THE AGREEMENT. THE AGREEMENT FURTHER STATES THE SUDANESE POUNDS "MAY BE DEPOSITED IN INTEREST BEARING ACCOUNTS IN THE BANK OF LIMITED OFFICIAL USE

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SUDAN". INTEREST RATE PAID BY BANK OF SUDAN IS ONLY 3 PERCENT COM-

PARED TO COMMERCIAL RATE OF 8 PERCENT AT THIS TIME. WE WONDER WHAT PORTION OUR TOTAL LOCAL CURRENCY DEPOSITS MAY BE COVERED BY SAME OR SIMILAR UNDERTAKING AS APRIL, 1966, AGREEMENT.

2. EMBASSY REQUESTS MORE INFORMATION ON MONIES KEPT BY USG IN SUDANESE BANKS, SPECIFICALLY:

A. ARE ALL TIME DEPOSIT ACCOUNTS HELD BY BANK OF SUDAN AND CONTROLLED BY RFC PARIS CREATED IN WHOLE BY PL 480 AGREEMENTS?

B. DID OTHER PL 480 AGREEMENTS GENERATING LOCAL CURRENCY HERE CONTAIN LANGUAGE RE INTEREST RATE SIMILAR TO THAT OF APRIL, 1966?

C. IF CERTAIN TIME DEPOSITS CONTAIN MONIES CREATED BY MORE THAN ONE SOURCE (I.E., OTHER THAN JUST FROM PL 480 AGREEMENTS), WHAT WOULD BE THE GOS COMMITMENT AS TO INTEREST RATES EXPECTED OR DESIRED?

3. SINCE EMBASSY NOW ABOUT TO BEGIN NEGOTIATING NEW PL 480 AGREEMENT, OPPORTUNITY MIGHT BE CONSIDERED TO EXIST CLARIFY EXTENT GOS COMPLIANCE ON INTEREST RATE ISSUE. HOWEVER, WE WOULD BE RELUCTANT PRESS GOS UNDULY RE THEIR PAST PERFORMANCE ON THIS MATTER UNLESS WE SURE OF OUR FACTS. AS FAR AS WE AWARE, NO AGREEMENT OTHER THAN THAT OF 1966 INCLUDED SPECIFIC UNDERTAKING ON INTEREST RATE TO BE PAID. AS RESULT, WE UNCERTAIN HOW FAR IT MIGHT BE APPROPRIATE FOR EMBASSY TO GO IN SEEKING CLARIFY PAST GOS PERFORMANCE AT TIME CONCLUSION NEW AGREEMENT.

4. ACTION REQUESTED: SUBJECT IS COMPLEX AND DATED BUT DEPT GUIDANCE URGENTLY NEEDED IN CONNECTION CURRENT NEGOTIATIONS. IT MIGHT BE ATTRACTIVE TO CONCLUDE THAT OUR YEAR-LONG EFFORT ENCOURAGE OBSERVANCE 1966 AGREEMENT HAS RUN ITS COURSE, AND THAT WE SHOULD NOW SEEK TRANSFER AND CONSOLIDATE FUNDS IN ONE INTEREST-BEARING SAVINGS ACCOUNT AT BANK OF KHARTOUM. HOWEVER, THIS ALSO WOULD PRESUMABLY REQUIRE APPROVAL MINISTRY OF FINANCE, AND, IN SO FAR AS FUNDS GENERATED UNDER 1966 AGREEMENT WOULD BE INVOLVED, IT COULD PLACE US IN VIOLATION TERMS THAT ACCORD. WOULD BE MOST LIMITED OFFICIAL USE

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GRATEFUL DETAILED GUIDANCE DEPT AND ADDRESSEES IN SEEKING CLEAR UP THIS LONG STANDING ISSUE. BREWER

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## Message Attributes

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